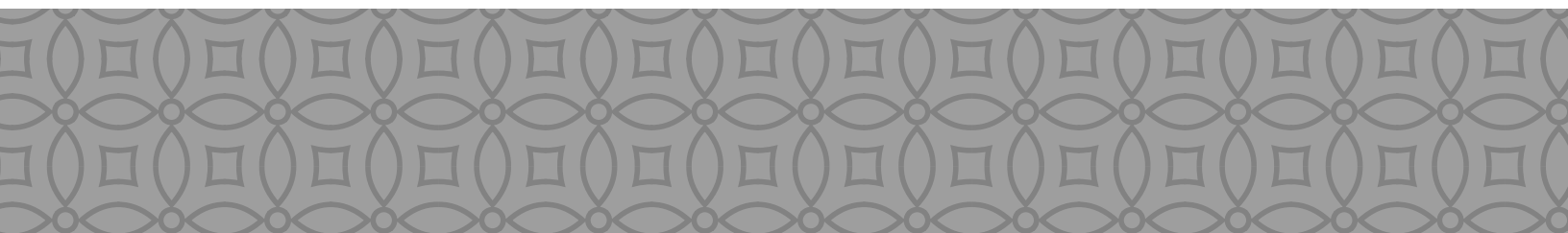
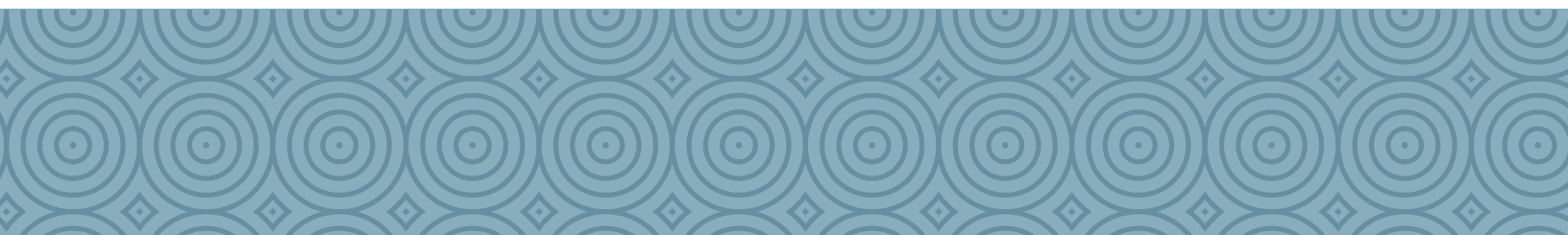


BENEFITS BY DESIGN



Missouri State Employees' Retirement System
SUMMARY ANNUAL REPORT TO MEMBERS
Fiscal Year Ended June 30, 2023



Message from the Executive Director



Abby Spieler
Executive Director

MISSION

MOSERS exists to advance the financial security of its members.

VISION

We endeavor to:

- Exceed customer expectations
- Educate stakeholders
- Ensure sound investment practices
- Encourage responsible funding of the plan through a commitment to *Excellence. Always.*

VALUES

Quality • Respect • Integrity
Openness • Accountability

It is my pleasure to present the MOSERS *Summary Annual Report to Members*, which provides a brief overview of our financial condition as of June 30, 2023. During fiscal year 2023, the Board and staff worked extensively and collaboratively on solutions to ensure the fiscal sustainability of MOSERS for current and future members. I would like to thank our trustees for their dedication and commitment.

The MOSERS investment portfolio generated a time-weighted return of 2.5%, net of fees, for fiscal year 2023. Despite it being a difficult year for the markets, the total fund returned 0.6% more than would have been expected through passive investing in the benchmarks.

To allow for more predictable and stable contribution rates, MOSERS' funding is based upon the actuarial value of assets, which smooths asset gains and losses over a five-year period. As of June 30, 2023, the Missouri State Employees' Plan (MSEP) was 57.6% pre-funded and the Judicial Plan was 31.7% pre-funded on an actuarial basis. The MSEP remained stable compared to the June 30, 2022, funded status of 57.7%. The Judicial Plan reflected a decrease from the June 30, 2022, funded status of 32.4%.

The General Assembly authorized the Office of Administration's appropriation of \$718 million to MOSERS for fiscal year 2024. This appropriation funds the Board-certified employer contribution rates. This amount was based on the employer contribution rates calculated in the annual actuarial valuations performed by MOSERS' retained actuarial professionals and certified by the MOSERS Board of Trustees at its September 2022 Board meeting.

This year's summary annual report theme, "Benefits by Design," represents our strategic focus on the development and continued growth of the System. Through the embodiment of our mission statement "MOSERS exists to advance the financial security of its members" and receiving input and feedback from our stakeholders through their statements, our daily endeavors strive to be accountable and responsive to our members and each other. We understand that MOSERS is entrusted with meaningful resources on behalf of our members and know these same members rely on their benefits now and far into the future. The MOSERS staff will continue to "roll up our sleeves" and work hard for our members, the Board, and all our stakeholders into the future. It is our honor to work for this great state and its citizens.

Respectfully submitted,

Abby Spieler
Executive Director

This *Summary Annual Report to Members* is derived from the information contained in MOSERS' *Annual Comprehensive Financial Report* (ACFR) but does not include all funds administered by MOSERS or certain other information required for conformity with Generally Accepted Accounting Principles (GAAP). MOSERS' financial statements are produced in conformity with GAAP. View the full annual report on our website at www.mosers.org. To request an alternative format, please contact MOSERS at (573) 632-6100 or (800) 827-1063. MOSERS is an equal opportunity employer.

Message From the Board Chairwoman

Dear Members:

On behalf of the MOSERS Board of Trustees, I am pleased to present the MOSERS *Summary Annual Report to Members* for the fiscal year ended June 30, 2023. This report is one of MOSERS' finest examples of collaboration and an organization-wide team effort.

During the year ended June 30, 2023, the Board of Trustees continued its work on behalf of the MOSERS membership. The Board and MOSERS staff continued to work on key initiatives over the last fiscal year, some of which included:

- Completing three initiatives on the formal MOSERS fiscal year 2023 - 2025 strategic plan with significant progress on most of the other initiatives.
- Exceeding our policy benchmark return expectations, as set by the Board, by 0.6% resulting in more than \$56 million of value added to the fund this fiscal year versus the policy portfolio.

MOSERS welcomed three new Board trustees during fiscal year 2023. During my tenure as Board chairwoman, I have witnessed the substantial amount of time and service our trustees have dedicated to MOSERS. I am proud to lead this fine group of fiduciaries in acting in the best interest of our members. As a state employee elected to the MOSERS Board by our active membership, I understand the value of a future MOSERS pension benefit and the role this benefit has in the employers' recruitment and retention efforts. Total compensation is more than just the dollars received in a paycheck. The ongoing monthly contributions from the MOSERS-covered employers represent a significant financial commitment to our members, their families, their communities, and ultimately the citizens we serve. As we look to fiscal year 2024, the Board, in conjunction with staff, will continue to further our core mission of advancing the financial security of our members.

I wish to express my appreciation to you, our members, for your commitment and service to this great state and its citizens. I am honored to serve as one of your representatives on the MOSERS Board.

If you ever have any questions, please contact us at MOSERS, P.O. Box 209, Jefferson City, MO 65102, call us at (800) 827-1063, or visit our website at www.mosers.org.

Sincerely,

Crystal Wessing, Chairwoman
Board of Trustees



Crystal Wessing
Board Chairwoman

As we look to fiscal year 2024, the Board, in conjunction with staff, will continue to further our core mission of advancing the financial security of our members.

Financial Highlights

**Fiscal Year
2023**

\$621 Million
Employer Contributions

\$500 Million
Additional One-time
State Contribution

\$50 Million
Employee Contributions

\$1 Billion
Benefit Payments

\$1,150
Average Base Monthly
Benefit Amount for
New FY23 MSEP Retirees

55,328
Retirees & Beneficiaries

\$8.7 Billion
Net Trust Fund Assets

Net Position

The *Summary Comparative Statements of Fiduciary Net Position* report the pension plan's financial position as of the end of the current and prior fiscal year.

Summary Comparative Statements of Fiduciary Net Position (Fiscal Years Ended June 30, 2023 and 2022)

	As of June 30, 2023	As of June 30, 2022
Assets		
Administrative operating cash and equivalents	\$ 14,176,248	\$ 14,957,215
Receivables	801,745,263	977,028,152
Investments	12,207,445,578	12,239,716,310
Capital assets, net of accumulated depreciation	15,148,833	14,237,807
Total assets	13,038,515,922	13,245,939,484
Deferred outflow of resources	1,078,184	770,232
Liabilities		
Administrative and other payables	16,049,335	15,864,368
Investment related payables and obligations	4,263,787,195	4,780,687,176
MOSERS investment portfolio liability (MIP)	3,632,433	3,539,587
Net OPEB liability	5,635,287	6,413,236
Total liabilities	4,289,104,250	4,806,504,367
Deferred inflow of resources	2,256,993	1,216,203
Net positions restricted for pensions	\$ 8,748,232,863	\$ 8,438,989,146

The *Summary Comparative Statements of Changes in Fiduciary Net Position* report MOSERS' contributions, benefit expenses, investment income and expenses.

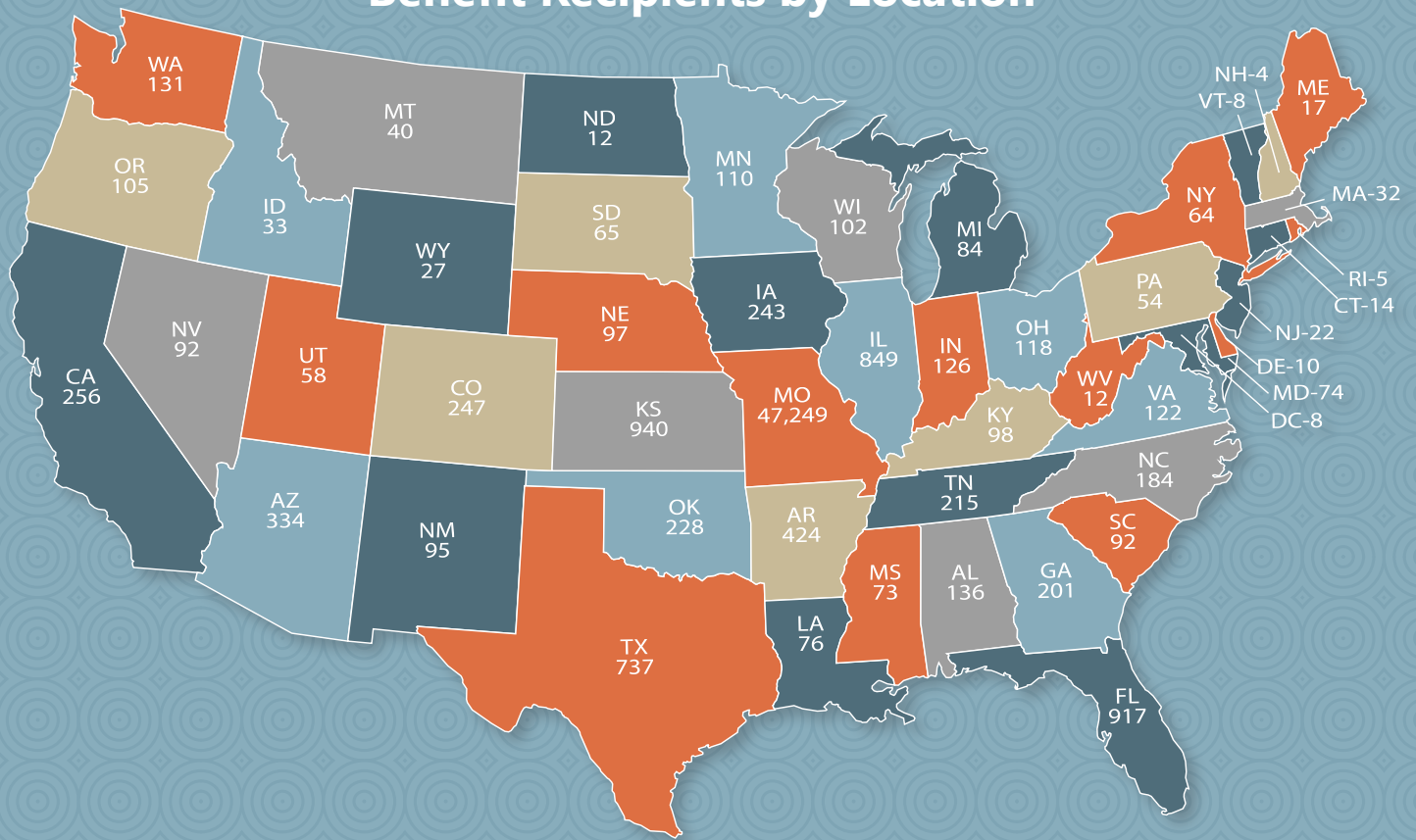
Summary Comparative Statements of Changes in Fiduciary Net Position (Fiscal Years Ended June 30, 2023 and 2022)

	Year Ended June 30, 2023	Year Ended June 30, 2022
Additions		
Contributions and premiums*	\$1,206,881,008	\$ 587,430,121
Net investment income (loss)	181,851,788	(835,205,231)
Miscellaneous income	480,766	485,972
Total additions	1,389,213,562	(247,289,138)
Deductions		
Benefit payments	1,024,251,130	992,014,868
Premium disbursements	31,737,102	29,896,004
Service transfers and refunds	12,425,868	13,134,944
Administrative expenses	11,555,745	9,808,530
Total deductions	1,079,969,845	1,044,854,346
Net increase (decrease)	309,243,717	(1,292,143,484)
Net position beginning of year	8,438,989,146	9,731,132,630
Net position restricted for fiduciary activities	\$ 8,748,232,863	\$ 8,438,989,146

* Includes employee and employer contributions, purchases of service credit, and incoming service transfers.

Membership

Benefit Recipients by Location



- | | | | |
|--------------------|------------------|----------------------------|------------------|
| 22 Alaska | 1 Costa Rica | 3 Italy | 1 Spain |
| 15 Hawaii | 1 Czech Republic | 1 Latvia | 1 Sweden |
| 2 Army Post Office | 1 Ecuador | 1 Mexico | 2 Thailand |
| 1 Argentina | 2 Guam | 1 Marshall Islands | 4 United Kingdom |
| 2 Australia | 1 Germany | 1 Northern Mariana Islands | 5 Virgin Islands |
| 1 Belgium | 1 Hong Kong | 3 Puerto Rico | |
| 13 Canada | 1 Israel | 1 Philippines | |

Member Data

June 30, 2023	MSEP*	Judicial Plan**
Active Members		
Average age	45.2	54.8
Average years of service	10.1	9.8
Average annual salary	\$51,642	\$155,807
Retired Members & Beneficiaries		
Average age	71.6	76.8
Average annual benefit	\$17,143	\$75,956

* Includes MSEP, MSEP 2000, and MSEP 2011 members.
 ** Includes Judicial Plan and Judicial Plan 2011 members.

MSEP Members Retired During Fiscal Year 2023

Years Credited Service	Average Monthly Benefit	Average Final Average Salary	Number of Retirees
<5	\$ 415	\$ 7,077	9
5-10	321	2,857	527
11-15	602	3,157	395
16-20	983	3,648	357
21-25	1,340	3,773	485
26-30	1,970	4,481	447
31+	2,545	4,838	187
New Total FY23 Retirees*	1,150	3,679	2,407

* Includes MSEP, MSEP 2000, and MSEP 2011 members, but does not include Judicial Plan and Judicial Plan 2011 members.

Investments

Investment Growth

It takes a long time to grow defined benefit pension assets. MOSERS' first investment transaction occurred in 1957, when a single outside advisor placed \$100,000 in a 90-day Treasury Bill on behalf of participants. It took nearly 30 years for the System's investments to reach the \$1 billion mark. As reflected in the graph (top right), the investment portfolio, as of June 30, 2023, was \$8.7 billion.

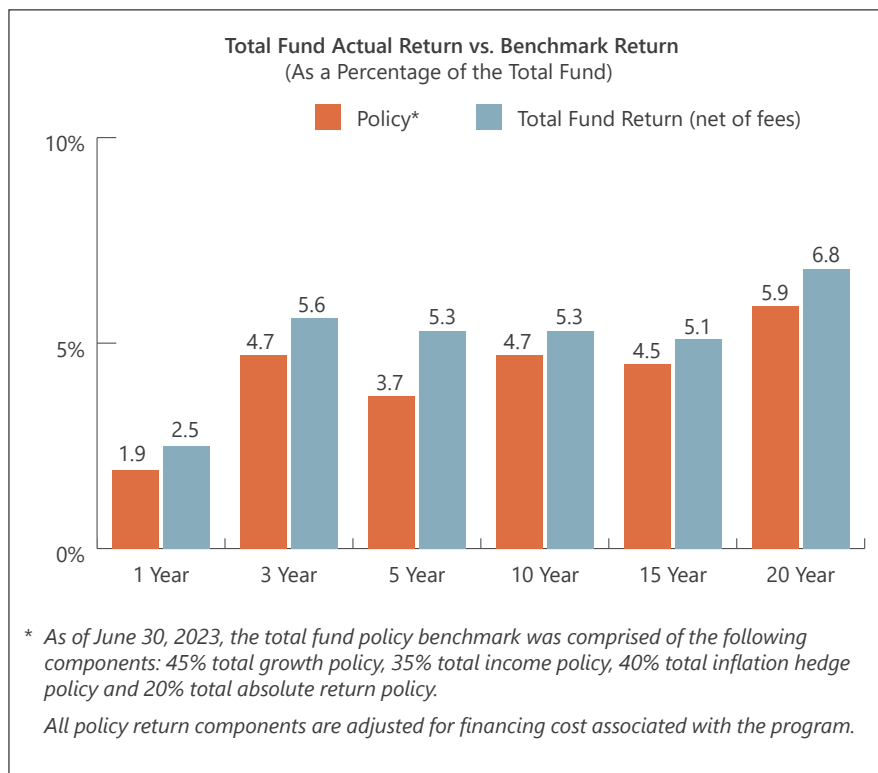
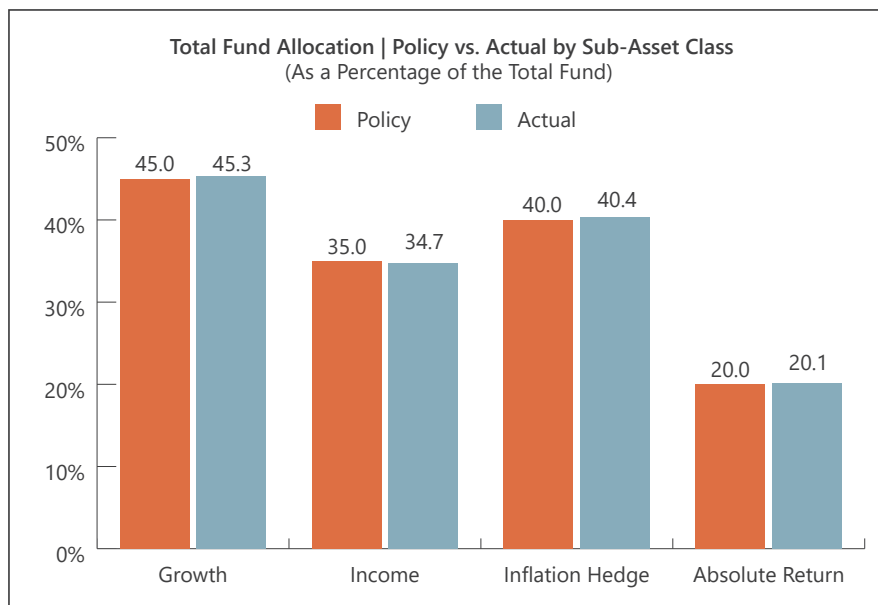
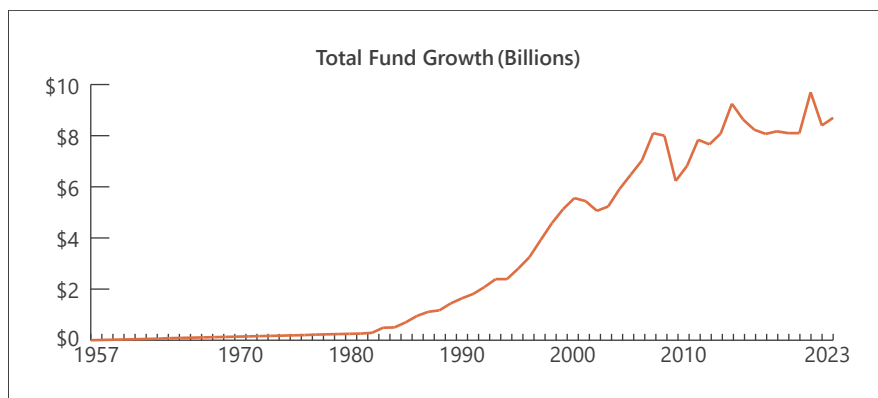
Fund Allocation & Risk

Market volatility is what investors traditionally consider to be the risk of investing. To protect against this risk, our investment portfolio is diversified across numerous asset classes and investment strategies.

The percentage of the total investment portfolio by specific asset class as of June 30, 2023, is reflected in the graph (middle right). The asset allocation is built on the belief that diversification is critical in achieving consistent, long-term risk-adjusted investment returns.

Investment Performance vs. Benchmark Return

The policy benchmark provides a point of comparison when assessing the investment performance of the total fund. By comparing the policy benchmark return to the total fund return, we can determine how the MOSERS staff performed on a comparative basis over a given time period. Value is added when the total fund return exceeds the policy benchmark return. The policy benchmark also provides guidance for staff as well as other stakeholders of the fund through establishment of concrete investment goals. Additionally, the policy benchmark establishes the Board's long-term view regarding investments, which puts into perspective any reaction, or over-reaction, to short-term market conditions. Returns for the total fund verses these benchmarks are displayed in the corresponding graph (lower right).



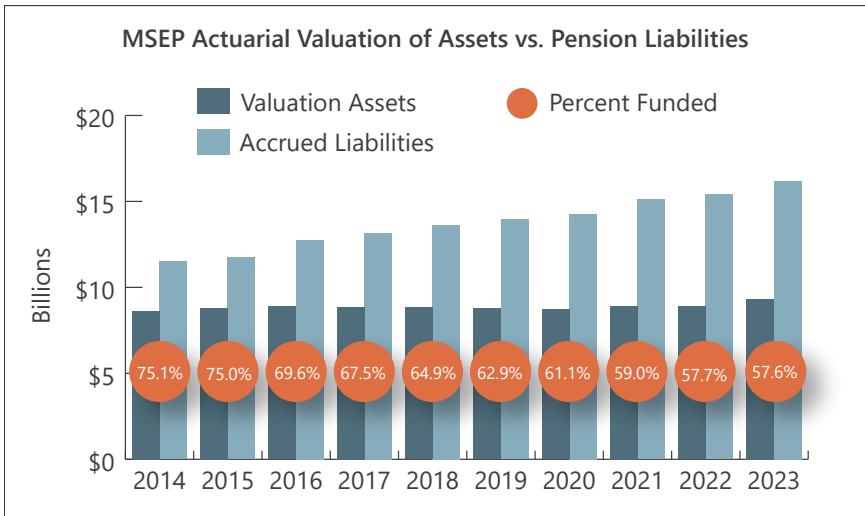
MSEP Retirement Funding

Funded Status

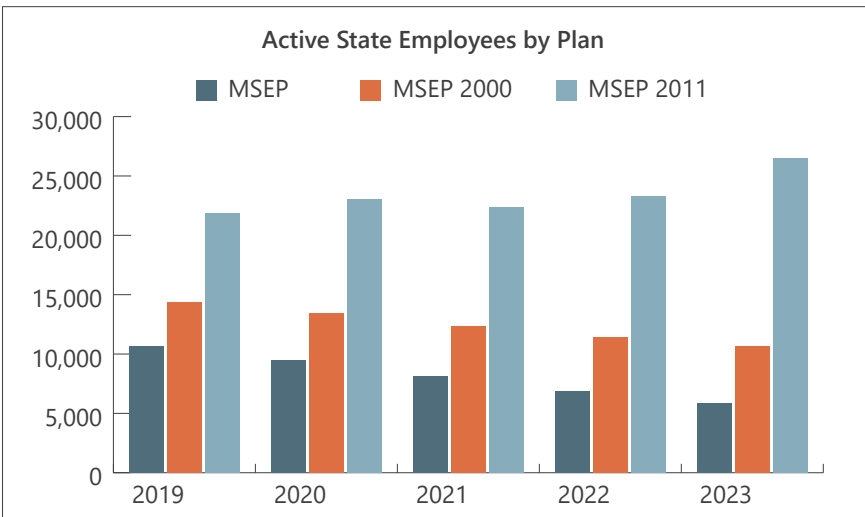
In order to help ensure your benefits are properly funded, MOSERS contracts with an outside actuarial firm to perform an annual actuarial valuation, which determines the funded status of the plans at year end and the contribution rates needed to adequately fund the System in the future. The percentages shown in the bar graph indicate the extent to which the System was funded as of a given year end.

Employers contribute the actuarially determined contribution that, when combined with current assets and expected future investment returns, will be sufficient to meet the current and future assumed financial obligations of the System.

Through a history of reasonable benefit levels, mandatory participation, actuarially determined employer contributions, and professionally managed investments, MOSERS benefits continue to be secure.

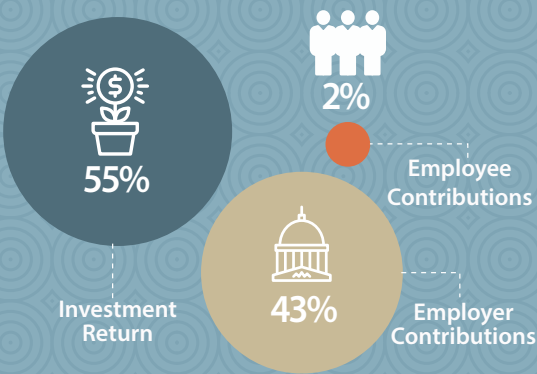


Pension reform in 2010, known as MSEP 2011, works to stabilize plan funding, retains the defined benefit (DB) structure, and provides sustainability for future generations. As of June 30, 2023, approximately 62% of active employees are in MSEP 2011.



Plan Revenue

MOSERS is an advance-funded retirement system. Unlike “pay-as-you-go” plans, employer and employee contributions plus investment earnings are accumulated and professionally managed during employees’ careers, and paid out over their retirement years. Over the long term, the largest contributor to accumulated plan assets is investment earnings, which accounts for 59% of the assets in the MOSERS Trust Fund.



A few key components used to calculate the employer contribution rate and the plan's funded ratio are the assumed rate of return on investments and demographic assumptions about MOSERS’ membership base. These inputs are set using realistic expectations in order to appropriately fund the plan over time.

Want to Know More?



Visit us online at www.mosers.org
or email us at mosers@mosers.org



In an effort to provide information more quickly about actions taken by the MOSERS Board of Trustees, look for "A Moment with MOSERS" video updates in your email or online.



Benefit counselors are a valuable source for information regarding your benefits. Call to speak with a benefit counselor or to make an appointment.

Office Hours

Monday - Friday
8:00 a.m. - 12:00 p.m.
1:00 p.m. - 4:30 p.m.

Phone

(573) 632-6100
(800) 827-1063

Mailing Address

PO Box 209
Jefferson City, MO 65102-0209
Visit us at 907 Wildwood Drive

Board of Trustees

as of June 30, 2023

- Crystal Wessing - Chairwoman
- Jenny Jacobs - Vice Chair
- Senator Rusty Black
- Representative Dirk Deaton
- Gary Findlay
- Joe Keifer
- Treasurer Vivek Malek
- Representative Don Mayhew
- Gary Metzger
- Senator John Rizzo
- Commissioner Ken Zellers

Executive Staff

- Abby Spieler
Executive Director
- Cindy Dixon
Chief Operating Officer
- TJ Carlson
Chief Investment Officer

